

Office of Inspector General
Robert E. Clift, Inspector General



December 14, 2015

Advisory Report No. 15P-1004
Intelligent Transportation Systems (ITS) –
Follow-up Review for Contracts Audit Report No. 13P-5002b

What We Did

The Office of Inspector General (OIG) performed a follow up review determining the current status of corrective actions made by management to address the findings and recommendations of ITS Contract Audit Report No. 13P-5002b, issued on March 14, 2014. We reviewed documentation and interviewed personnel responsible for Intelligent Transportation Systems (ITS), from the central office and district Traffic Engineering and Operations Offices (TEOO).

What We Found

During our review, we verified management has initiated or completed corrective actions addressing findings and recommendations from the ITS Contract Audit Report No. 13P-5002b summarized below:

1. The average cost per ITS managed mile of roadway;
2. The consistency of operations and maintenance contract provisions for the ITS program across districts;
3. ITS contracts containing language requiring consultants comply with Chapter 119, F.S. regarding public records; and
4. Districts maintaining the required documentation to verify contract monitoring activities.

Detailed information regarding what we found during the review is located in Appendix B.

What We Recommend

We recommend ITS management continue monitoring corrective actions initiated or implemented to ensure they remain in place to address the original findings.

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BACKGROUND AND INTRODUCTION

In November 2012, the Office of Inspector General initiated a three-part engagement to evaluate internal controls for the ITS information technology (IT) environment, ITS operations and maintenance contracts, and ITS inventory accountability. Audit Report No. 13P-5002b, issued March 14, 2014, details the evaluation of the ITS operations and field device maintenance contracts.

RESULTS OF REVIEW

Included in this section are the original four findings and recommendations from Audit Report No. 13P-5002b, the original corrective action provided by ITS management, and the OIG confirmation of corrective actions by ITS to address the findings.

Finding 1 – Costs Per Mile Managed

Original Finding

The average cost per managed mile was \$22,945 statewide for Fiscal Year 2012/2013. Furthermore, it was determined that the ITS program methodology for projecting funds for costs does not reflect actual expenditures for ITS services.

Original Recommendation

We recommend the State Traffic Operations Engineer determine executive board's perspectives on the appropriate level of ITS service, revise ITS program funding methodology to reflect these priorities and develop a centralized approval process to justify additional proposed district expenditures to ensure consistent service to the traveling public statewide.

Original Response by ITS Management

We concur with the findings and recommendations. The Traffic Engineering and Operations Office (TEOO) will request Executive Board direction on future funding levels of the ITS Program to ensure consistent service to the traveling public statewide.

OIG Confirmation of Corrective Action

Management has initiated corrective actions to address this finding. TEOO management created a formula driven model to determine district-funding levels, as recommended. However, senior management determined the model does not accurately reflect district funding needs and the TEOO will be presenting a revised formula in spring 2016.

Finding 2 – Contract Consistency

Original Finding

Operations and maintenance contract provisions for the ITS program lacked consistency among the districts.

Original Recommendation

We recommend State Traffic Operations Engineer ensure consistency among the ITS contracts by developing centralized requirements and standards for operations and maintenance contracts. We recommend the new ITS contracts statewide conform to the new standards as they are being initiated and non-conforming contracts not be renewed.

Original Response by ITS Management

We concur with the findings and recommendations. The Traffic Engineering and Operations Office is currently working on an ITS Maintenance Scope of Services that will create consistent requirements and standards. A draft of that document was released for review and comments in February. A similar ITS Operations Scope of Services will be initiated later this year. Future ITS contracts statewide will be required to conform to the new standards as they are being initiated.

OIG Confirmation of Corrective Action

Management has completed corrective actions to address this finding. ITS Management developed a standardized scope of service for ITS contracts. The Procurement Office released the new standardized scope of services as a template on its website August 12, 2015 for use in future contracts.

Finding 3 – Public Records Law

Original Finding

All 21 contracts did not contain language that required consultants to fully comply with Chapter 119, F.S. regarding public records.

Original Recommendation

We recommend the State Traffic Operations Engineer ensure ITS contracts require consultants to fully comply with Chapter 119, F.S., Public Records Form No. 375-030-61, Standard Professional Services Agreement Form No. 375-030-12, and Standard

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Written Agreement Form No. 375-040-19 contain pre-vetted language which can be used to meet this recommendation.

Original Response by ITS Management

We concur with the findings and recommendations because all of the 21 contracts evaluated pre-date the new language added to Chapter 119, F.S. in July 2013, this new language is not currently included in the contracts. If these contracts are modified to change any existing terms and conditions, a signed version of the new Public Records Form No. 375-030-61 that detail the new changes to Chapter 119 F.S. will be added and made part of the contract document. Any new contracts will use Standard Professional Services Agreement Form No. 375-030-12 or the Contractual Services Standard Written Agreement Form 375-040-19 which both already contain the new Chapter 119 F.S. language.

OIG Confirmation of Corrective Action

Management has completed corrective actions to address this finding. ITS management issued guidance requiring districts incorporate specific conforming language in vendor contracts and supplemental agreements to comply with public records laws. We reviewed all active ITS contracts and modifications executed after ITS management issued its guidance, May 2, 2014, and all of the contracts contained conforming language.

Finding 4 – Contract Monitoring

Original Finding

Three districts required contract monitoring activities within their contracts and could not verify with documentation that they had been conducted.

Original Recommendation

We recommend the State Traffic Operations Engineer work with districts to implement a contract template with consistent contract monitoring activities, which include documentation for verification of the activity, in accordance with the Department of Financial Services Contract and Grant User Guide (DFS Guidance).

Original Response by ITS Management

We concur with the findings and recommendations. The Traffic Engineering and Operations Office will work with the districts to implement consistent contract monitoring activities to include documentation for verification of the activity. In a meeting held with the districts on 3/3/14, the standard contract monitoring activities that will be performed

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for maintenance and operations contracts were selected. This requirement will be incorporated into the new Maintenance and Operations Scope of Services.

OIG Confirmation of Corrective Action

Management has completed corrective actions to address this finding. ITS management issued guidance requiring minimum contract monitoring activities consistent with DFS Guidance. We reviewed a judgmental sample of contracts from each district. All districts provided sufficient documentary evidence of contract monitoring activities compliant with ITS management guidance for all active contracts selected.

APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to perform a follow up review of the four findings and recommendations made in the ITS Contract Audit Report No. 13P-5002b issued March 14, 2014 to determine the current status of corrective actions by ITS to address these findings and recommendations.

The **scope** of the review is limited to documentation and information necessary to determine the status of corrective actions to address the findings and recommendations from Audit Report No. 13P-5002b.

The **methodology** included:

- Reviewing ITS Contract Audit Report No. 13P-5002b;
- Conducting an entrance, working, and exit conference(s) with ITS management;
- Interviewing central office and district ITS staff;
- Requesting documentation from central office and district ITS staff; and
- Documenting corrective actions implemented by ITS.

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APPENDIX B – ITS Findings and Recommendations Table

Findings	Recommendations	Management Response	Corrective Action	Confirmation by OIG
1. Funding methodologies do not reflect actual ITS service expenditures.	Request guidance from the Executive Board to revise the funding methodology and ensure consistent statewide service levels.	Agreed to request direction from Executive Board on setting future funding levels for the ITS program.	ITS submitted a new funding model spring 2015 and will submit a revised model spring 2016.	Confirmed by ITS management.
2. Program maintenance and operations contract provisions lacked consistency.	(a) Develop centralized requirements and standards for operations and maintenance contracts.	ITS maintenance scopes of service draft released for review and comments in February 2014 with plans to complete ITS operations scope of service later in 2014.	ITS issued guidance requiring minimum contract monitoring activities will be included in the maintenance and operations standard scopes of service.	Management provided draft scopes of service standard that it has submitted to Legal and Procurement for final review.
	(b) Ensure new contracts conform to new requirements and standards.	Agreed future ITS contracts will be required to conform to new standards.		
3. Contracts did not include provisions requiring consultants fully comply with public records laws (119 F.S.).	(a) Update language in contracts using the Standard Professional Services Agreement, Form No. 375-030-12.	Agreed to include signed copy of public records form 375-030-61 with contracts modified or changed.	ITS issued guidance requiring vendors incorporate Public Records Form No. 375-030-61 for contracts with executed supplemental agreements or work orders.	All contracts and modifications executed since the issuance of management guidance contain language conforming to 119 F.S.
	(b) Update language in contracts using the Standard Written Agreement, Form No. 375-040-19.			
4. Some districts could not provide documentation to verify performance of contract monitoring activities.	Implement a contract template with consistent contract monitoring activities to include documentation of verifications.	Agreed to implement consistent contract monitoring activities including documentation for verification and incorporate requirements into new maintenance and operations scopes of service.	ITS issued guidance for the statewide review of vendor submitted reports and other periodic contact. Districts are required to keep letters or emails on file for verifications. Districts can choose additional monitoring activities.	All documentation provided by districts for active contracts selected for review was sufficient to comply with contract monitoring guidance issued by ITS management.

DISTRIBUTION, PROJECT TEAM, AND STATEMENT OF ACCORDANCE

Information Distribution:

Jim Boxold, Secretary
Mike Dew, Chief of Staff
Brian Blanchard, P.E., Assistant Secretary of Engineering and Operations
Tom Byron, P.E., Chief Engineer
Mark Wilson, P.E., State Traffic Operations Engineer
Fred Heery, P.E., Deputy STOE
Melinda Miguel, Chief Inspector General, Executive Office of the Governor

Project Team:

Engagement was conducted by Denise Mottesheard, Audit Team Leader
Lillian Spell, Auditor Staff
Under the supervision of:
Joseph W. Gilboy, Audit Manager; and
Kristofer B. Sullivan, Director of Audit
Approved by: Robert E. Clift, Inspector General

Statement of Accordance

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to provide a safe transportation system that ensures the mobility of people and goods,
enhances economic prosperity, and preserves the quality of our environment and communities.*

*The mission of the Office of Inspector General is
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Transportation by providing objective fact-based assessments to the DOT team.*

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